

Section 365 of the Energy Policy Act of 2005  
Pilot Project to Improve  
Federal Permit Coordination

Bureau of Land Management  
**Year Two Report**



February 2008



**EXECUTIVE SUMMARY**

# **BLM Mission**

To sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.

**Section 365 of the Energy Policy Act of 2005**

# **Year Two Report**

**for the**

## **Pilot Project to Improve Federal Permit Coordination**

### **EXECUTIVE SUMMARY**

**February 2008**

**Prepared for:**

**U.S. DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
WASHINGTON, DC 20240**

**Prepared by:**

**Booz Allen Hamilton  
8283 Greensboro Drive  
McLean, VA 22102-3838**

# **Participating Agencies**

## **Federal Agencies**

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

United States Fish and Wildlife Service

Bureau of Reclamation

Bureau of Indian Affairs

Minerals Management Service

DEPARTMENT OF AGRICULTURE

United States Forest Service

UNITED STATES ARMY

United States Army Corps of Engineers

ENVIRONMENTAL PROTECTION AGENCY

## **State Agencies**

STATE OF MONTANA

Montana Fish Wildlife and Parks

Montana Department of Environmental Quality

Montana State Historic Preservation Office

STATE OF NEW MEXICO

New Mexico Department of Game and Fish

New Mexico Oil Conservation Division

New Mexico State University

STATE OF UTAH

Utah Department of Wildlife Resources

STATE OF WYOMING

Wyoming Game and Fish Department

Wyoming Department of Environmental Quality

## EXECUTIVE SUMMARY <sup>1</sup>

The Bureau of Land Management (BLM) has completed the second year of implementing Section 365 of the Energy Policy Act of 2005, the “Pilot Project to Improve Federal Permit Coordination”. During the Pilot’s first two years, the program has established achievements for two key objectives:

1. The BLM has improved reliability in providing industry the permits needed to develop new energy resources for the nation, and
2. The pilot offices have made significant progress on improving environmental stewardship and mitigating resource impacts resulting from energy development.

*The BLM Director and other BLM Washington Office officials continue to conduct visits to the pilot offices to ensure pilot project success.*

### Pilot Project Background

Section 365 establishes a pilot project with the intent to improve the efficiency of processing oil and gas use authorizations and environmental stewardship on federal lands. The project establishes pilot offices in seven BLM field offices: Miles City, Montana; Buffalo and Rawlins, Wyoming; Vernal, Utah; Glenwood Springs, Colorado; and Farmington and Carlsbad, New Mexico. The location of the seven pilot offices is shown on the following page.

Section 365 also established the Permit Processing Improvement Fund, an account of approximately \$23 million annually (funded from half the income derived from federal onshore oil and gas lease rental payments) used to fund the pilot project.

The business processes and procedures used by the BLM oil and gas program are outlined in the Year Two Report - Volume II: Appendices. These processes include the overall oil and gas use authorization process; the APD process; the NEPA process, including the use of categorical exclusions (CX); the inspection and enforcement (I&E) program being conducted; and land use planning processes.

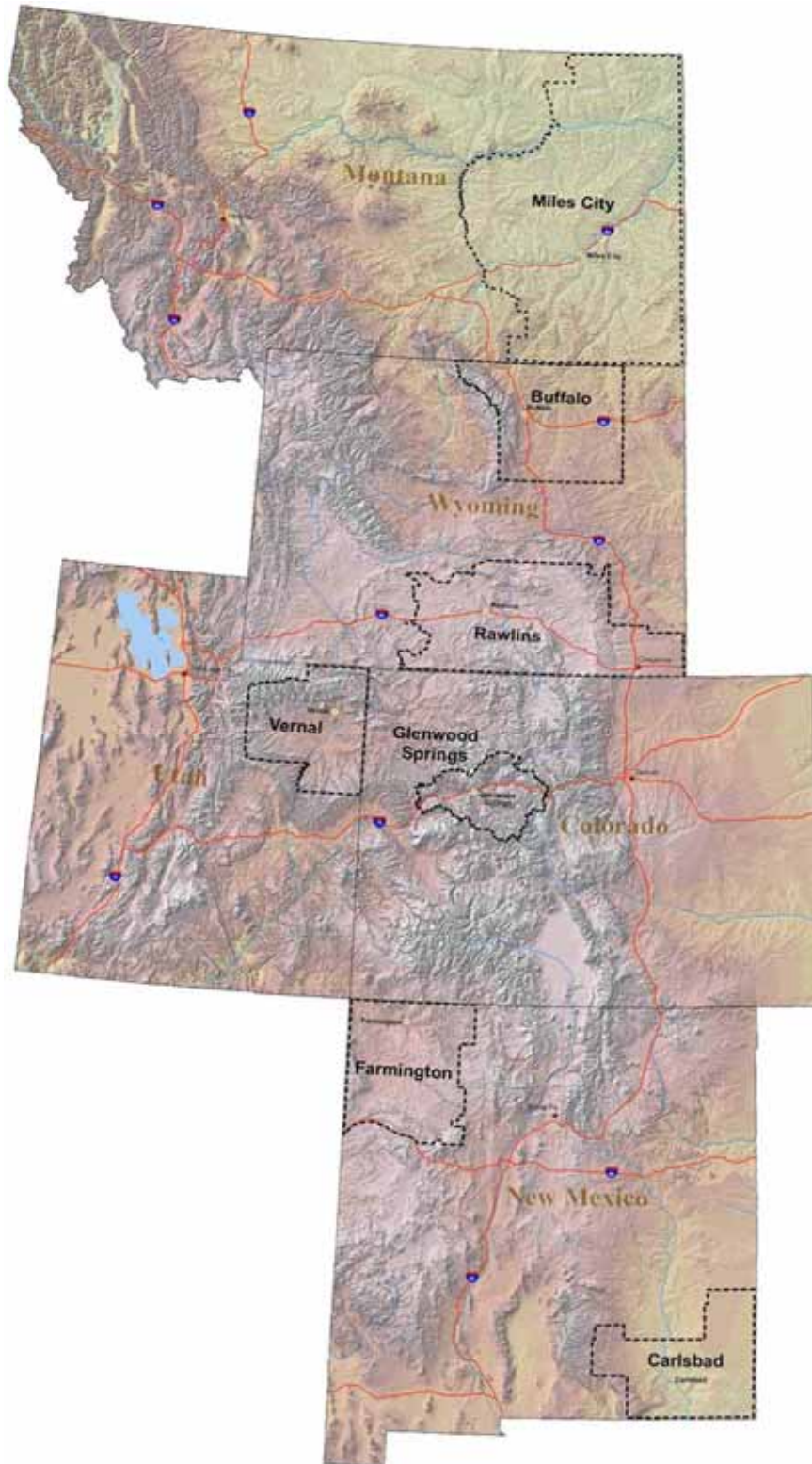
This report outlines the progress that has been made during the first two years following enactment. As required in the Act, following the third year of implementation the BLM will prepare a report to Congress that outlines the results of the pilot project and will make a recommendation to the President regarding expanding the program across the U.S.

---

<sup>1</sup> This Executive Summary has been excerpted from Volume I of the Year Two Report. The reader is referred to Volume I: Year Two Report and Volume II: Appendices for additional information in support of this Executive Summary.



## Location of the Section 365 Pilot Offices



Dashed lines indicate Field Office boundary

## Overview of Accomplishments

One of the first requirements of Section 365 directed the Secretary of the Interior to enter into a memorandum of understanding (MOU) with the United States Department of Agriculture (USDA), the Environmental Protection Agency (EPA), and the Department of the Army (DOA) with the intent to improve the efficiency of oil and gas use authorizations on public land through a federal permit streamlining pilot project. The MOU, signed Oct. 24, 2005 provides principles and goals for the partner agencies and establishes the roles, responsibilities, and authorities for each agency that will participate in the project. The agencies within the Department of the Interior (DOI) are the BLM, U.S. Fish and Wildlife Service (USFWS), Bureau of Indian Affairs (BIA), Minerals Management Service (MMS), and Bureau of Reclamation (BOR). Also included are the Army Corps of Engineers (USACE) in the DOA, U.S. Forest Service (USFS) in the USDA, and the EPA.

The participating agencies and parties agreed to several key principles for implementing this Act:

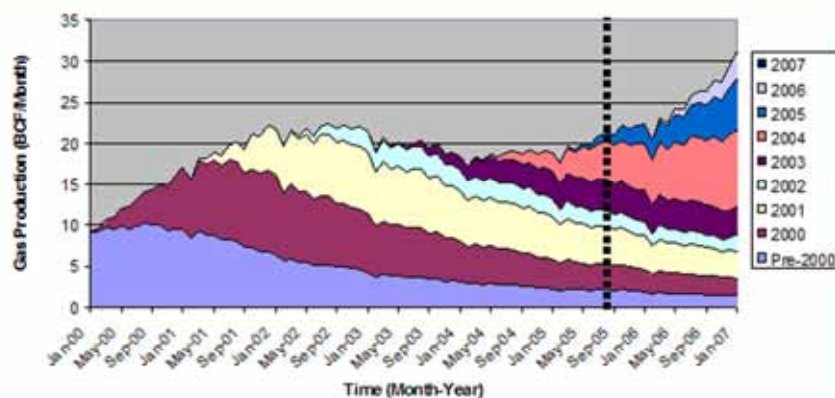
- Focus on interagency coordination and cooperation in the processing of permits required to support oil and gas development on federal lands.
- Enhance coordination with state agencies with expertise and responsibilities related to oil and gas use authorizations.
- Improve understanding of respective agency roles and responsibilities through enhanced information sharing and use.
- Eliminate duplication between federal and state agencies to streamline and increase interagency efficiency.
- Enhance permitting consistency among BLM field offices, and greater certainty in processing time requirements which are essential for improved customer service.
- All permitting actions in the pilot offices are expected to promote responsible stewardship of federal subsurface and surface resources.
- Maintain or enhance high standards of safety and environmental protection through an effective oil and gas inspection and enforcement (I&E) program for operations on federal lands.
- Establish a reliable response to demands for oil and gas production on federal lands to support the nation's increased need for energy resources.

*All pilot offices have developed close working relationships with the state oil and gas commissions and other state agencies, including state DEQs and game and fish agencies.*

### SHOWCASE

#### Yearly Incremental Natural Gas Production for the Buffalo Pilot Office

After the start of the pilot (black, dashed line), increased natural gas production is shown through yearly increments. Well production performance for all wells coming online within a designated calendar year are shown as individual colors.



## Funding Distribution to Federal Partners

Under the provisions of Section 365 of the Energy Policy Act, the MMS, Minerals Revenue Management Division, has distributed resources from the Permit Processing Improvement Fund. Based on anticipated resource requirements, the participating federal departments and agencies were allocated fiscal year (FY)06 and FY07 Section 365 budget amounts as shown in the table below.

### Distribution of Section 365 Funding by Participating Agency

Department/Agency	FY06 Budget	FY07 Budget	Percent Increase or Decrease
<b>U.S. Department of the Interior</b>			
Bureau of Land Management	\$16,000,000	\$19,490,000	21.8%
Fish and Wildlife Service	\$2,135,000	\$1,440,000 <sup>1</sup>	-32.6% <sup>1</sup>
Bureau of Reclamation	\$725,000	\$725,000	0.0%
Bureau of Indian Affairs	\$100,000	\$100,000	0.0%
Minerals Management Service	\$0	\$0	0.0%
<b>U.S. Department of Agriculture</b>			
Forest Service	\$885,000	\$1,172,000	32.4%
<b>U.S. Department of the Army</b>			
Army Corps of Engineers	\$455,000	\$455,000	0.0%
<b>Environmental Protection Agency</b>	\$0	\$0	0.0%
<b>TOTAL</b>	<b>\$20,300,000</b>	<b>\$23,382,000</b>	<b>15.2%</b>

<sup>1</sup>Denotes that the USFWS decreased their FY07 funding request due to the availability of carryover funds from FY06.



## Pilot Office Staffing

Through the Permit Processing Improvement Fund, by the end of FY06, 123.5 full-time equivalent (FTE) positions for federal and state agencies had been hired out of the 159.5 positions identified as being needed to staff the pilot project. The majority of the positions hired included natural resource specialists (NRS), petroleum engineering technicians (PET), petroleum accounting technicians (PAT), and biologists.

In FY07, it was determined that 47.75 additional positions would be required to meet the needs of streamlining the oil and gas permitting process, totaling 207.25 positions. By the end of FY07, 168.25 FTE positions for federal and state agencies had been hired (81.2 percent of the total identified positions). The majority of the additional positions hired in FY07 included environmental protection, surface management and reclamation specialists, PETs, PATs, really specialists, and biologists.

*BLM used Bureau-wide position recruiting for NRSs and PETs where the pilot offices established Bureau-wide position selection boards to review nationwide list of applicants and decide how best to use the candidates among the pilot offices.*

Overall, approximately three quarters of the pilot office FTEs were established during FY06 and one quarter of the positions established during FY07.

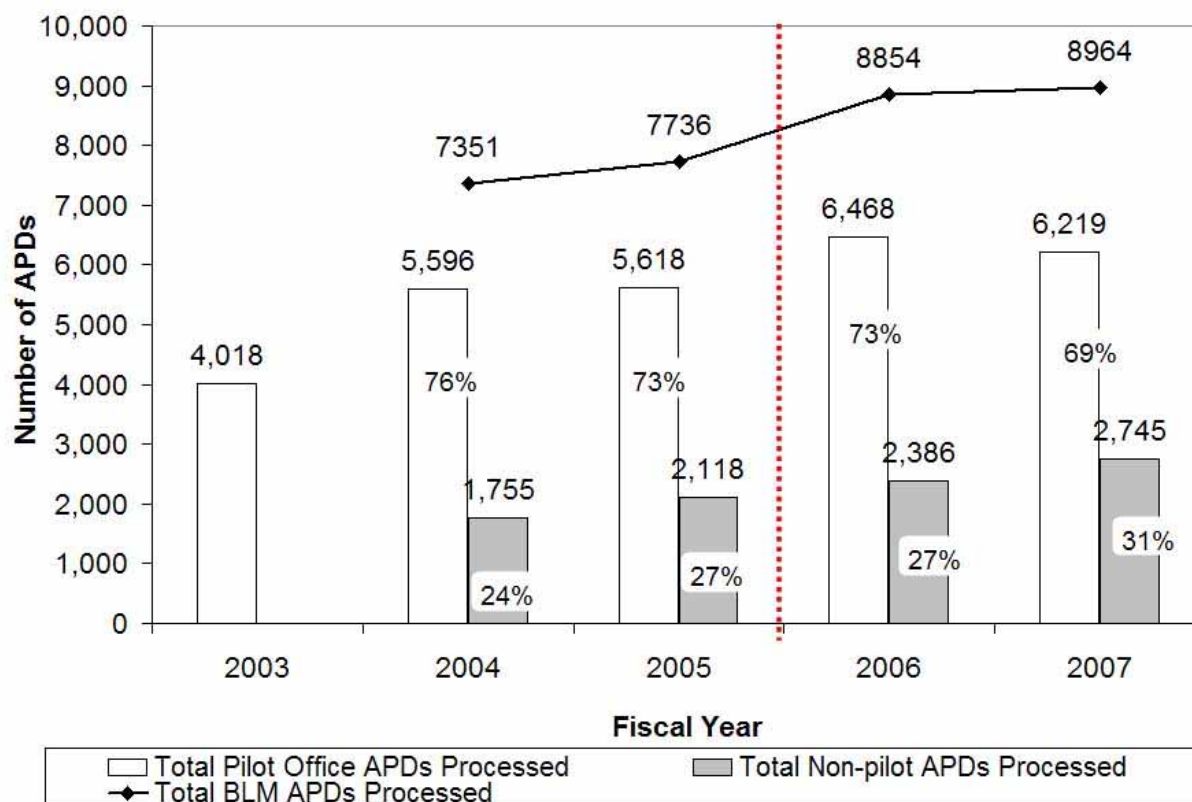
**Pilot Project Staffing Trend for FY06 and FY07**



## Processing Permits

The figure below illustrates the number of APDs processed for all BLM field offices and those processed by the seven pilot offices. From FY04 to FY06, the pilot offices processed approximately 73 to 76 percent of all BLM APDs. For FY07, the percentage was 69 percent.

**Total APDs Processed for Pilot and Nonpilot Offices**



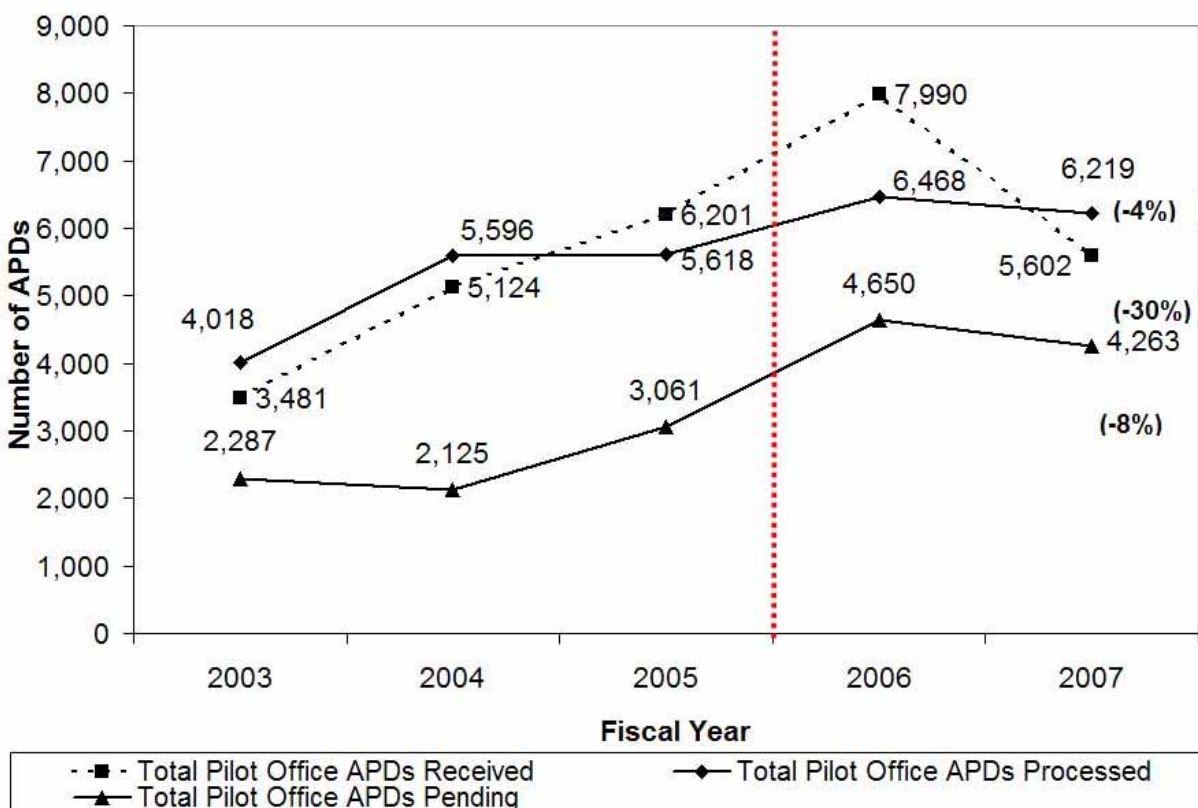
**Note:**

1. Source – BLM's Automated Fluid Minerals Support System (AFMSS)
2. Percentages indicate pilot/nonpilot proportions as a percentage of total APDs
3. The vertical dashed line indicates the enactment of the Section 365 Pilot.

As shown in the figure below, during FY06 the seven pilot offices received 7,990 federal APDs in FY06 compared to 6,201 in FY05 for a 29 percent increase in one year. The pilot offices processed 6,468 federal APDs in FY06 compared to 5,618 in FY05 for a 15 percent increase in one year.

During FY07, the seven pilot offices received 5,602 and processed 6,219 applications for permit to drill (APD). This is a 30-percent decrease in APDs received from the oil and gas industry (Industry) during FY06. The percentage of APDs processed during FY07 dropped by four percent, while the number of pending APDs dropped by eight percent. This indicates that the pilot offices have reduced the volume of pending APDs during the past year.

**Total BLM Pilot Office APDs Received, Processed, and Pending**



Note:

Source – BLM's Automated Fluid Minerals Support System (AFMSS)

Percentage Change in APDs Received, Processed, and Pending from FY06 to FY07 is indicated in the bold parentheses

The vertical dashed line indicates the enactment of the Section 365 Pilot.

While there was a 30 percent overall decrease in FY07 APDs received from the Industry, five of the pilot offices (Miles City [down 81 percent], Buffalo [down 37 percent], Vernal [down 21 percent], Farmington [down 33 percent] and Carlsbad [down 24 percent]) experienced decreases while two pilot offices (Glenwood Springs [up 13 percent] and Rawlins [up 27 percent]) had increased APD submissions. These decreases or increases were the result of a number of oil and gas basin-specific factors including:

- Lack of readily available pipeline transportation capacity for new production
- Lower oil and gas commodity prices during FY07 which have since rebounded in FY08

- Delays in Industry capital expenditures resulting from ongoing company mergers and acquisitions
- Short- and long-term availability constraints for well drilling and service industry equipment
- An available balance of FY06 approved APDs from which wells are now being drilled
- Protracted land use plan litigation, and
- Final completion of oil and gas project EISs

In the pilot project, it was determined that roughly 35 percent of the total APDs/rights-of-way (ROW) processed requires federal interagency reviews in support of National Environmental Policy Act (NEPA) requirements. Thirty percent require USFWS coordination, 2 percent with the USFS, and 4 percent for other federal agencies (e.g., BOR, BIA, and USACE). The average NEPA processing time for APDs/ROWs has decreased by 25 percent, from 81 to 61 days, as a direct result of the colocation of agency staff and associated communication and process improvements. The Pilot Offices will continue to improve on streamlining processes.

## Pilot Process Improvements

The pilot offices have initiated actions that are resulting in improvements in the following areas:

- Improved interagency consultation and coordination
- Expanded use of interdisciplinary teams (IDT)
- Improved environmental stewardship
- Renewed focus on human resources
- Greater use of contract services
- Improvements to and greater use of comprehensive strategies to process permits more efficiently
- Development and utilization of critical information technology (IT)
- Improved support for stakeholder responsiveness.

During FY07, the pilot offices demonstrated an increased emphasis on interagency collaboration to colocate and streamline federal and state permit processing and resource protection. As a result, interagency collaboration is providing the following:

- Earlier and better communication and coordination on energy-related projects
- Minimization of surprises and permitting delays through improved communication
- Quicker resolution of misunderstandings between agency and Industry personnel
- Greater use of programmatic agreements utilizing best management practices (BMPs)
- Improved oil and gas permit process-related training and outreach opportunities
- Enhanced monitoring, protection, and conservation of other natural resources.

*Pilot offices have been working aggressively to improve responsiveness to stakeholders. This effort has taken the form of providing operator pre-permit planning support with the objective of improving the quality of permit submissions to BLM, thereby saving BLM and Industry time and effort.*

Improved interagency environmental and resource stewardship occurring during FY07 has resulted in the following overall pilot performance:

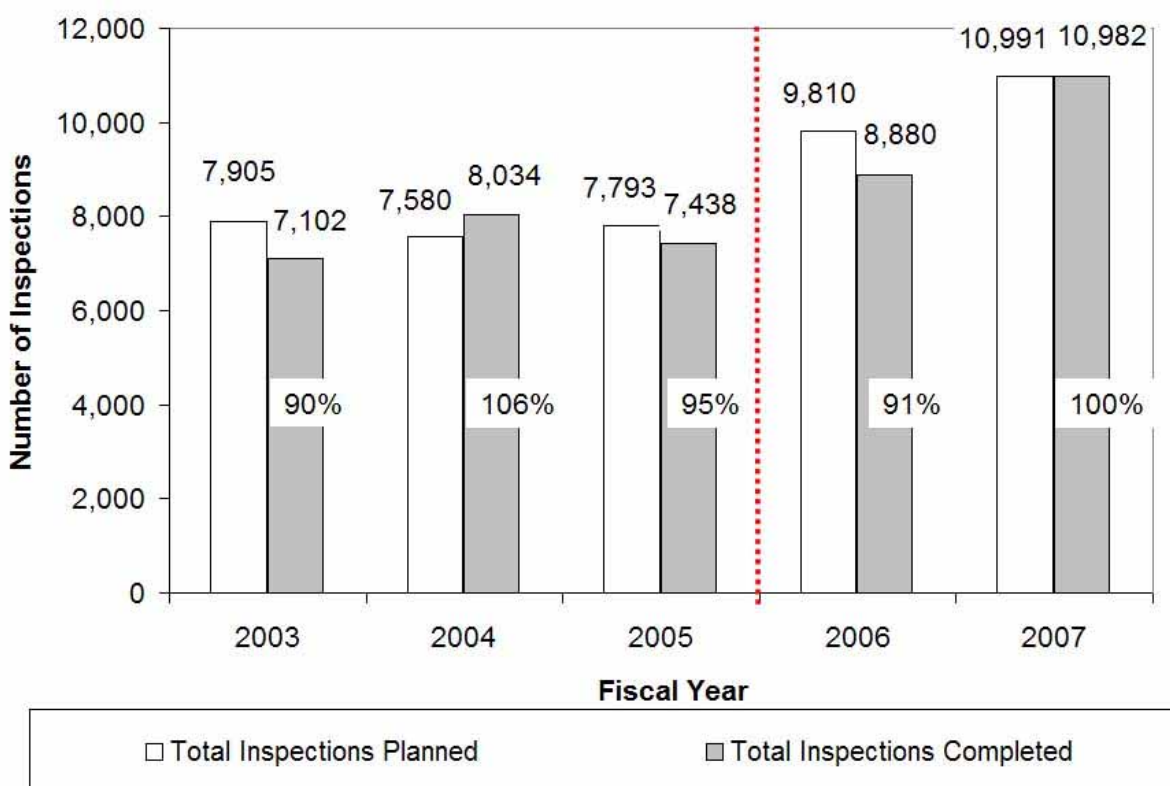
- Elapsed time for interagency consultations has been reduced as a result of improved communication, participation of agency personnel on IDTs, and through programmatic streamlining efforts, which have applicability to multiple projects/permits.

- The number of permit reviews requiring interagency coordination has decreased in FY07 compared to FY06.
- Permit NEPA reviews have become more efficient due to enhanced interagency coordination, greater use of CXs, and expanded use of comprehensive strategies to facilitate the processing of more well permits through a single NEPA action.

## Inspection and Enforcement Improvements

In addition to processing APDs, the offices conducted 10,982 total inspections (environmental inspections, drilling inspections, and production inspections), as opposed to 8,880 inspections conducted in FY06, for a 24 percent increase. The number of environmental inspections completed (not depicted within the figure below) increased 78 percent—from 3,365 inspections in FY06 to 5,976 inspections in FY07. One hundred percent of BLM's planned inspections were completed during FY07 compared to 91 percent during FY06.

**Total BLM Pilot Office Inspections (Planned vs. Completed)**



Note:

Source – BLM's Automated Fluid Minerals Support System (AFMSS)

The vertical dashed line indicates the enactment of the Section 365 Pilot.

- Increased I&E funding has allowed the hiring of additional I&E staff and training resulting in substantially increased inspection productivity. A considerable increase in the number of inspections occurred in FY06 and FY07.

- Increased inspections have led to better compliance by the Industry by a reduction in major violations due to the increased number of inspectors in the field, early identification and intervention of emerging violation situations, and through ongoing I&E outreach sessions.
- Through ongoing Industry outreach, BLM is sharing with the Industry technical and environmental violations insights, which aids the Industry in reducing violations.
- Substantial improvements in I&E accomplishments are occurring with emphasis on environmental inspections to improve resource protection stewardship.

*Piloting of I&E field mobile ruggedized computer hardware and inspection software has previously determined that over 50 percent of the time spent preparing for and documenting onsite drilling inspections can be saved through the use of this labor saving technology.*

Volume I and Volume II of the Year Two Report provide greater detail on the progress made to date in implementing the pilot office project. The report also presents the steps that will be taken during the next year to further implement and measure the success of the pilot project.

## Pilot Office Overviews

The following section provides high-level overviews of each pilot office, including a description of unique factors, a staffing and performance summary, and pilot office showcase examples of ongoing interagency collaboration, process improvements and related successes.



## Miles City Pilot Office Overview

The BLM Miles City Pilot Office is responsible for 2.8 million acres of BLM-administered surface acres and 11.6 million acres of BLM-administered mineral estate. These public lands encompass all or portions of 19 counties in eastern Montana. The Miles City Pilot Office oversees BLM-administered lands that encompass a geographic area more than one quarter the size of the State of Montana (See maps below).

Over the last 10–15 years, land use changes in the Miles City Pilot Office area have impacted public lands. These impacts include increased oil and gas exploration and development, livestock grazing issues, spread of noxious weeds, renewed focus on wildlife and fire management, growth in off-highway vehicle use, the need for increased access to BLM lands, consolidation of land ownership, and requirements to address public land use impacts on local community socioeconomics.

**Miles City Pilot Office Surface Estate Map**



**Miles City Pilot Office Mineral Estate Map**



## Unique Factors of the Miles City Pilot Office

Coal bed natural gas (CBNG) is in the early stages of development in the Powder River Basin of southeastern Montana. Production of CBNG began in 1999 from private and state wells and in 2003 from federal wells. Approximately 525 wells are producing CBNG from federal, state, and private leases with all production occurring in a single gas field operated by Fidelity Exploration & Production Company.

BLM, the Montana Board of Oil & Gas Conservation (BOGC), and the Montana Department of Environmental Quality (DEQ) prepared a joint environmental impact statement (EIS) in 2003 and a resource management plan (RMP) amendment to analyze conventional oil and gas development as well as CBNG full-field development. BLM issued its record of decision (ROD) in April 2003. The ROD and supporting EIS are currently under litigation.

The U.S. District Court has directed BLM to prepare a supplemental EIS (SEIS) to the 2003 EIS that analyzes phased development of CBNG. BLM is currently under a court-issued injunction allowing limited CBNG development for a designated area within the Montana-portion of the Powder River Basin for approximately 500 CBNG APDs per year until the SEIS is completed. BLM plans to complete the SEIS ROD in December 2008.

## Pilot Staffing and Performance Summary—Miles City Pilot Office

The following is a high-level staffing and performance summary:

- During FY06, 5.5 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), Montana Fish, Wildlife and Parks (1 FTE) and Montana DEQ (3 FTE).
- During FY06, 11 BLM FTE were hired which included archeologists, natural resource specialists, PETs and a geologist. During FY07, 1 BLM FTE was added for a wildlife biologist.
- The Miles City Pilot Office received 348 APDs in FY06 compared to 253 in FY05 for a 38 percent increase during FY06. During FY07, 65 APDs were received compared to 348 in FY06 for an 81 percent decrease. This drop in APD submissions was a result of the court order injunction which earlier prohibited any CBNG development and the need for BLM to complete an SEIS analyzing phased CBNG development.
- The Miles City Pilot Office processed 113 APDs in FY06 compared to 253 in FY05 for a 55 percent decrease during FY06. During FY07, 84 APDs were processed compared to 113 in FY06 for a 26 percent decrease.
- The Miles City Pilot Office had 417 pending APDs at the end of FY06 compared to 181 in FY05 for a 230 percent increase during FY06. At the end of FY07, 469 pending APDs existed compared to 417 in FY06 for a 12 percent increase. Again, the increase in pending APDs is a result of the court order injunction which earlier prohibited any CBNG development and the need for BLM to complete an SEIS analyzing phased CBNG development.
- The Miles City Pilot Office processed 65 ROWs in FY06 compared to 51 in FY05 for a 27 percent increase during FY06. During FY07, 75 ROWs were processed compared to 65 in FY06 for a 15 percent increase.
- The Miles City Pilot Office completed 277 total inspections in FY06 compared to 513 in FY05 for a 46 percent decrease during FY06. This decrease resulted from a significant loss of PET personnel at that time which were replaced before FY07. During FY07, 622 total inspections were completed compared to 277 in FY06 for a 225 percent increase.
- The Miles City Pilot Office completed 57 environmental inspections in FY06 compared to 189 in FY05 for a 70 percent decrease during FY06. Again, this decrease was from a significant loss of PET personnel at that time which were replaced before FY07. During FY07, 303 environmental inspections were completed compared to 57 in FY06 for a 532 percent increase.

## Miles City Pilot Office Show Case Examples

### SHOWCASE

#### Improved Sage-grouse Habitat Protection

The Miles City Pilot Office, BOR, and South Dakota State University have sponsored a sagebrush mapping effort for a study area encompassing 1,132,000 acres within southeast Montana, southwest North Dakota, and northwest South Dakota. Much of the project area is located in a producing oil and gas field currently undergoing intensive "infill" drilling.



The presence of sagebrush in these areas overlaps with the current range of sage-grouse in the western United States. By delineating and describing the sagebrush cover in the project area, the agencies expect to determine the amount and quality of existing habitat for the sage-grouse. This information is critical in allowing BLM to site oil and gas infrastructure in a manner that minimizes impacts to sagebrush and sage-grouse.

### SHOWCASE

#### Montana State Agency Collaboration

The Miles City Pilot Office and the Montana State Historic Preservation Office (SHPO) have initiated a geographic information system (GIS) project to put cultural site data and site survey areas into GIS map layers that BLM cultural resource specialists can use.



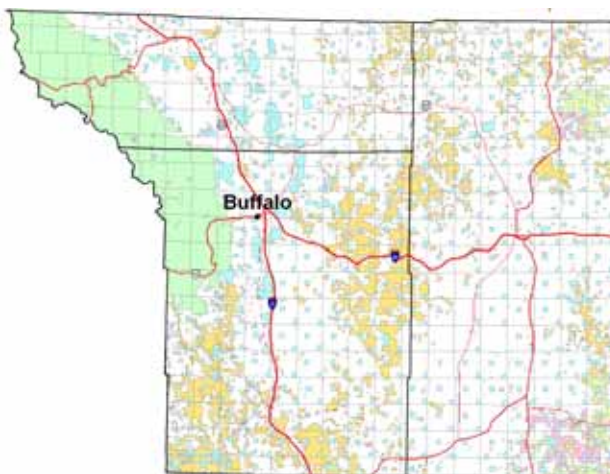
The project allows BLM to quickly determine inventory requirements and allows BLM permit holders access to eliminate delays in completing required file searches.

This project was added to the existing data sharing agreement the Montana BLM has with the Montana SHPO. Additional partners include the Department of Anthropology, University of Montana, and the Natural Resource Information System (NRIS) of the Montana State Library.

## Buffalo Pilot Office Overview

The BLM Buffalo Pilot Office is responsible for 800,000 acres of BLM-administered surface estate and approximately 5 million acres of BLM-administered mineral estate. These public lands encompass Campbell, Johnson, and Sheridan Counties of north-central Wyoming (See maps below). This area contains vast deposits of oil, gas, and coal and provides a variety of resources such as wildlife habitat and rangelands for livestock grazing. In addition, the public lands and adjacent Bighorn National Forest and Thunder Basin National Grasslands provide many opportunities for recreational activities. Approximately 62 percent of the federal mineral estate is overlaid by private surface ownership (split-estate).

**Buffalo Pilot Office Surface Estate Map**



**Buffalo Pilot Office Mineral Estate Map**



Starting in 1995 and 1996, oil and gas operators of the Powder River Basin of northeastern Wyoming began to produce economic quantities of CBNG.

In April 2003, the Buffalo Pilot Office completed the Powder River Basin Oil and Gas Project Environmental Impact Study (EIS), which analyzed and allows the development of 51,000 CBNG wells. The CBNG development covers the central part of the Buffalo Pilot Office area and is the largest oil and gas project ever to take place in the federal onshore program. The CBNG development has drawn national and international governmental, academic, and media attention. Eighty-five different companies have been involved in CBNG development in the Powder River Basin, and major oil and gas companies have initiated operations within the basin.

## Unique Factors of the Buffalo Pilot Office

CBNG is in the mid-stage of development in the Powder River Basin of north-central Wyoming. Exploration of deeper coalbed production is occurring on the western margins of the basin. Production of CBNG began in 1995 and 1996 from private, state, and federal wells. Permitting of federal wells was constrained in 1999 and from 2002 to 2003 as a result of National Environmental Policy Act (NEPA) actions that were deemed necessary and were subsequently completed. Approximately 28,000 wells have been drilled on federal, state, and private leases, with the production coming from a number of overlying coal seams.



In comparison to deeper conventional natural gas well drilling, CBNG development utilizes very shallow wells (from 200 to 1000-feet deep) commonly drilled with truck-mounted water well drilling rigs. This well drilling approach results in very little to no surface disturbance for each CBNG well.

Large amounts of coal aquifer water are produced and discharged on the surface during the production of CBNG. As a result, the Buffalo Pilot Office has had to permit and manage significant surface facility construction, which has included buried power lines and pipelines; numerous on- and off-channel produced-water retention pits, gas collection systems, and measurement and compression facilities.

Starting in 1999, the Buffalo Pilot Office developed a significantly more efficient way of processing large numbers of CBNG APDs and related gas production and produced water handling facilities ROWs. This permitting process utilizes a Plan of Development (POD) multi-well and related facility permit submission from the oil and gas project proponent. The Buffalo Pilot Office has worked with Industry to successfully improve this process so that very complex multi-well projects can be approved within 46 calendar days for administratively and technically complete CBNG APD/POD submissions. The Buffalo Pilot Office processed approximately 47 percent of the Bureau-wide APD workload during 2006. The Buffalo Pilot Office has been considered a permitting “pilot office” for a number of years and had established a U.S. Fish and Wildlife (USFWS) biologist position onsite at the Buffalo Pilot Office in 2004.

## Pilot Staffing and Performance Summary—Buffalo Pilot Office

The following is a high-level staffing and performance summary:

- During FY06, 4 interagency FTE were established for the USFWS (1 existing FTE), USFS (1 FTE), USACE (0.5 FTE), Wyoming Game and Fish Department (1 FTE) and the Wyoming DEQ (0.5 FTE). During FY07, 1 FTE was established for a second USFWS biologist.
- During FY06, 6 BLM FTE were hired which included an archeologist, PETs, a PAT, surface compliance technician, and an energy program assistant. During FY07, 11 BLM FTE were added for an archeologist, natural resource specialists, biologists, civil engineering technician, legal instrument examiners and surface compliance technicians.
- The Buffalo Pilot Office received 3,889 APDs in FY06 compared to 2,509 in FY05 for a 55 percent increase during FY06. During FY07, 2,449 APDs were received compared to 3,889 in FY06 for a 37 percent decrease.
- The Buffalo Pilot Office processed 2,963 APDs in FY06 compared to 2,494 in FY05 for a 16 percent increase during FY06. During FY07, 2,921 APDs were processed compared to 2,963 in FY06 for a one percent decrease.
- The Buffalo Pilot Office had 1,945 pending APDs at the end of FY06 compared to 1,081 in FY05 for an 80 percent increase during FY06. At the end of FY07, 1,600 pending APDs existed compared to 1,945 in FY06 for an 18 percent decrease.
- The Buffalo Pilot Office processed 224 ROWs in FY06 compared to 195 in FY05 for a 15 percent increase during FY06. During FY07, 246 ROWs were processed compared to 224 in FY06 for a 10 percent increase.
- The Buffalo Pilot Office completed 3,057 total inspections in FY06 compared to 2,265 in FY05 for a 35 percent increase during FY06. During FY07, 3,272 total inspections were completed compared to 3,057 in FY06 for a 7 percent increase.

- The Buffalo Pilot Office completed 1,228 environmental inspections in FY06 compared to 863 in FY05 for a 42 percent increase during FY06. During FY07, 1,876 environmental inspections were completed compared to 1,228 in FY06 for a 53 percent increase.

## Buffalo Pilot Office Show Case Examples

### SHOWCASE

#### Industry Avian Protection Plans Avoiding Bird Mortality

A new programmatic agreement has allowed the USFWS biologists to conduct more effective monitoring in FY07 than in previous years. Through the stepped up effectiveness monitoring efforts, the USFWS discovered that migratory bird mortalities, in oil pits, water disposal



facilities, and by electrocution or collision with power lines, was occurring at a higher level than previously thought. This discovery prompted

the USFWS to work with BLM and other federal agencies, industry and operators, utility companies, and the general public to address this problem. By providing technical assistance to these entities to assist them in minimizing migratory bird mortalities from development in the PRB, industry has voluntarily developed and implemented Avian Protection Plans (APP).

The APP developed by the Powder River Energy Corporation covers an 18,000 square mile operational area and ensures that the corporation's power lines are built to specifications, which minimizes impacts to migratory birds, and that existing power lines are retrofitted to meet these same specifications. Additional APPs are in the process of being developed by several other energy companies, in coordination with the USFWS, to minimize the potential for migratory bird mortalities associated with operator-owned power lines servicing oil and gas production.

### SHOWCASE

#### Colocation of a USFWS Biologist

The Buffalo Pilot Office has had a c o l o c a t e d USFWS biologist since mid-2005, in advance of the pilot program.



Based on lessons learned in the first 4 years of implementation of the original programmatic consultation, the USFWS recommended that BLM modify the existing document to further streamline the consultation process. The new document addressed:

- all possible well spacing scenarios
- a streamlined process for tiering both formal and informal consultation to a programmatic consultation
- interagency coordination at the project planning stage
- the need for USFWS staff to conduct effectiveness monitoring and site reviews to better assist the BLM in early project planning.

As expected, the new approach to Section 7 consultation has expedited the site-specific consultations. This provides for a "paperless" Section 7 consultation process that allowed BLM wildlife biologists the ability to make the determination for all routine actions, improving the average consultation time from 15 days to 1 day and will provide better protection for wildlife.



**SHOWCASE****State & Federal Reclamation Liability Reduction Program**

As a result of rapid and large-scale CBNG development occurring in the Powder River Basin, the Buffalo Pilot Office has collaborated with Wyoming Department of Environ-



mental Quality (DEQ), Wyoming State Engineer's Office (SEO), and the Wyoming Oil & Gas Conservation Commission (WOGCC) to establish an inter-agency CBNG water retention pit reclamation bonding program. This inter-agency program ensures full and complete reclamation of water retention pits after development of CBNG resources. As part of this same interagency effort, the Buffalo Pilot Office established an MOU with the Wyoming SEO for dam construction engineering and safety standard requirements that Industry must follow.

*The Buffalo Pilot Office has held coordination meetings with wildlife consultants and operators to discuss protocol changes and consistency issues, and to coordinate action for ongoing and future wildlife surveys.*

*In the Buffalo Pilot Office, the average POD approval timeline has been reduced from roughly 350 days to about 90 days when a complete POD submission is received.*

*The Buffalo Pilot Office partnered with state agencies and collaborated with Industry and the public in developing a GIS-based Web site known as [www.cbmclearinghouse.info](http://www.cbmclearinghouse.info). CBNG and natural resource information is hosted on the site to meet the needs of a variety of users. Permit agents, contractors, operators, and the general public use this valuable Web site on a daily basis.*

**SHOWCASE****Increased Field Inspections**

Enhanced funding has allowed the Buffalo Pilot Office to increase its capability to conduct surface and subsurface compliance inspections. Over the last 3 years, the number of surface compliance inspections has increased by more than 50 percent. The noncompliance rate has decreased from roughly 70 percent to less than 30 percent for surface issues. Subsurface compliance inspections have increased by more than 15 percent through the addition of new inspection positions.



## Rawlins Pilot Office Overview

The BLM Rawlins Pilot Office is responsible for 3.5 million acres of BLM-administered surface acres and 4.5 million acres of BLM-administered mineral estate. These public lands encompass all or portions of Sweetwater, Carbon, Albany and Laramie counties in south-central Wyoming (See maps below).

High mountains, high plains, and high deserts make up the public lands of the Rawlins Pilot Office. The landscape provides habitat for a great number of wildlife, including rare mammals, fish, and birds. The Rawlins Pilot Office is home to the only known wild population of black-footed ferrets in Wyoming. The black-footed ferret is a rare endangered species. Protection of endangered species habitat is a major factor affecting land use decisions on public lands.

The sheep and cattle industry utilize the large federal grazing allotments extensively. Gas and oil wells dot the landscape and coal lies under it, providing energy for the nation. Even the ever-present wind has been harnessed for energy--the largest commercial wind energy project in the Intermountain West is within the Rawlins Pilot Office boundary. The historic Overland and Cherokee Trails cross the southern part of the area. Where prehistoric mammals and dinosaurs once roamed (some sites in the pilot office have yielded the only fossil record of several extinct species), wild horses share the range with livestock and wildlife. The Continental Divide National Scenic Trail which crosses the pilot office area offers opportunities for anything from a day hike to a 3,000-mile trek. Other recreational activities include hunting, fishing, camping, river floating, rock hounding, mountain biking, off-highway vehicle use and sightseeing.

**Rawlins Pilot Office Surface Estate Map**



**Rawlins Pilot Office Mineral Estate Map**



## Unique Factors of the Rawlins Pilot Office

The Rawlins Pilot Office is experiencing a massive increase in natural gas [both conventional and coalbed natural gas (CBNG)] and to a lesser extent, oil development within the central and eastern portions of the Green River Basin. The reasonable foreseeable development the Rawlins Pilot Office is addressing through these project approvals is on the order of 8,000-9,000 wells. There is a large number of major natural gas and CBNG environmental impact statement (EIS) projects currently underway as well as the development of three large diameter natural gas pipeline project ROWs which have substantially impacted the Rawlins Pilot Office's ability to process and approve APD actions. The impact is two-fold: until the project EISs are completed, APDs are approved on a limited basis until project-level NEPA is

completed; and, the Rawlins Pilot Office EIS staff has largely been the same staff that processes APDs, other well permits and ROWs. The FY06 and FY07 hiring of Pilot Project personnel has greatly helped to resolve this situation.

The resurgence in interest in alternative energy sources in the Rawlins Pilot Office has resulted in the need to provide authorized use permits for uranium and wind energy development. This workload places additional strain on Rawlins Pilot Office staff in managing resource development and protection needs of the public lands.

## **Pilot Staffing and Performance Summary—Rawlins Pilot Office**

The following is a high-level staffing and performance summary:

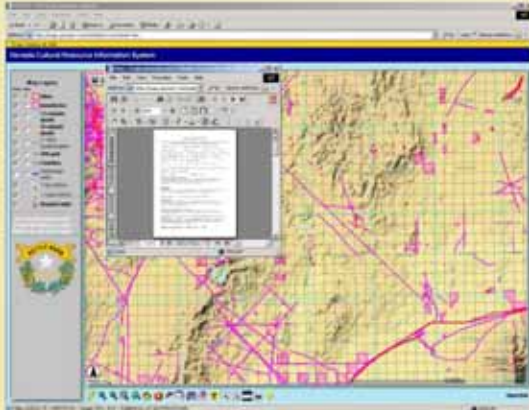
- During FY06, 3 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), Wyoming Game and Fish Department (1 FTE) and the Wyoming DEQ (0.5 FTE). During FY07, 1 FTE was established for a second USFWS biologist.
- During FY06, 22 BLM FTE were hired which included archeologists, natural resource specialists, biologists, PETs, a PAT, realty specialists, a hydrologist, a civil engineer, surface compliance technicians and a GIS specialist. During FY07, 4 BLM FTE were added for PETs, a legal assistant, and an energy program assistant.
- The Rawlins Pilot Office received 284 APDs in FY06 compared to 515 in FY05 for a 45 percent decrease during FY06. During FY07, 360 APDs were received compared to 284 in FY06 for a 27 percent increase.
- The Rawlins Pilot Office processed 319 APDs in FY06 compared to 436 in FY05 for a 27 percent decrease during FY06. This was a result of project EIS interim drilling APD approval constraints. During FY07, 308 APDs were processed compared to 319 in FY06 for a three percent decrease.
- The Rawlins Pilot Office had 301 pending APDs at the end of FY06 compared to 344 in FY05 for a 13 percent decrease during FY06. At the end of FY07, 346 pending APDs existed compared to 301 in FY06 for a 15 percent increase.
- The Rawlins Pilot Office processed 406 ROWs in FY06 compared to 331 in FY05 for a 23 percent increase during FY06. During FY07, 370 ROWs were processed compared to 406 in FY06 for a 9 percent decrease.
- The Rawlins Pilot Office completed 669 total inspections in FY06 compared to 617 in FY05 for an 8 percent increase during FY06. During FY07, 739 total inspections were completed compared to 669 in FY06 for a 10 percent increase.
- The Rawlins Pilot Office completed 288 environmental inspections in FY06 compared to 274 in FY05 for a 5 percent increase during FY06. During FY07, 390 environmental inspections were completed compared to 288 in FY06 for a 35 percent increase.



## Rawlins Pilot Office Show Case Examples

### SHOWCASE

#### Complete Process Automation (Section 106) in NM & WY



The Buffalo and Rawlins pilot offices participate in a Wyoming SHPO and BLM, new cultural resource BMP, which has been deployed statewide.

A Web database application known as Cultural Resource Management (Project) Tracking System (CRMTracker) was developed to increase efficiency in collecting, reporting, and transmitting cultural resource project information from oil and gas permit project applicants to BLM and then on to the SHPO.

CRMTracker was developed with funding from the Department of Energy based on the need to reduce information barriers to energy production. This on-the-ground data function provides timely information to all parties (though good site management decisions still must depend on site-specific cultural resource surveys to produce data that generally comes too late in the decision-making process).

*The Wyoming SHPO **CRMTracker** and a sister system the **Cultural Resources Integrated Support Program (CRISP)** were developed with funding from the DOE based on the need to reduce information barriers to energy production.*

### SHOWCASE

#### State & Federal e-Permitting Portal



Under the auspices of the Governor of Wyoming's Energy Permit Strengthening and Streamlining initiative, the Buffalo and Rawlins Pilot Offices are participating in the development of an interagency CBNG e-permitting portal in collaboration with the Wyoming DEQ, the Wyoming SEO, and WOGCC to support CBNG project permitting.

The Wyoming Legislature has appropriated funding for the development of this portal, which will support one-stop CBNG electronic permitting, agency guideline and data sharing, and agency-specific permit approval status tracking. The oil and gas industry is an active participant.

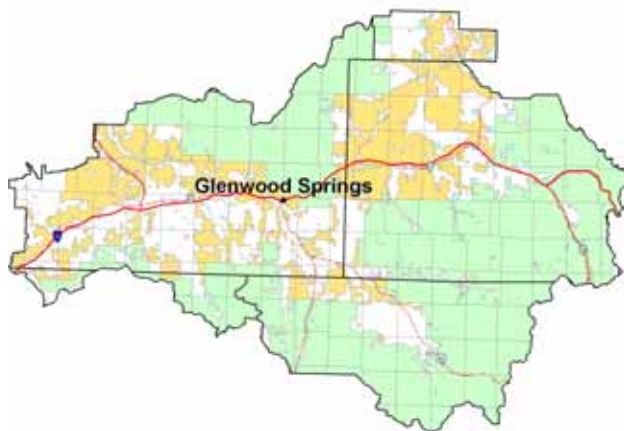
*As a result of the Rawlins Pilot Office **Monitoring without Borders** collaboration, wildlife biologists discovered that the population of mountain plover was greater than anticipated, which helped the species from being listed as T&E.*

## Glenwood Springs Pilot Office Overview

The BLM Glenwood Springs Pilot Office is responsible for 567,000 acres of BLM-administered surface estate and 776,000 acres of mineral estate (split estate). The Glenwood Springs Pilot Office also provides support for 1.5 million acres of mineral estate located within the National Forest System. These public lands encompass all or portions of Eagle, Garfield, Mesa, Pitkin, Rio Blanco, and Routt Counties of Northwestern Colorado (See maps below).

The Glenwood Springs Pilot Office manages diverse natural resources and provides for a variety of natural resource uses including: livestock grazing, firewood cutting, oil and gas development, big game hunting, rafting and motorized and non-motorized recreation. Lands are important to the communities for recreation, wildlife habitat, and open space.

**Glenwood Springs Pilot Office Surface Estate Map**



**Glenwood Springs Pilot Office Mineral Estate Map**



## Unique Factors of the Glenwood Springs Pilot Office

The Glenwood Springs Pilot Office is faced with a variety of urban interface issues. Eagle, Pitkin and Garfield Counties are experiencing some of the fastest growth rates in the state. Many of the new residents are choosing to live away from town/community centers. BLM's new neighbors bring diverse expectations and demands of the public lands. The public lands are adjacent to many small communities facing intensive growth pressures as well as the White River National Forest, the most heavily used National Forest in the Country, which compares with Yellowstone National Park in popularity.

The pilot office manages 14 developed recreation sites, which include 6 river access sites to the Colorado and Eagle Rivers, 4 wilderness study areas. Approximately 90 outfitters and guides are under permit and available to assist visitors in a variety of upland and river activities. The pilot office administers 255 grazing allotments with 151 permittees, issues 300-400 applications for permits to drill (APDs) for oil and natural gas and 50-60 rights-of-way (ROW) each year. Five to ten land exchange proposals are made annually by a variety of proponents.

In 1997 congressional legislation transferred to BLM approximately 56,000 acres of Department of Energy Naval Oil Shale Reserves lands northwest of Rifle, known as the Roan Plateau. This area will be the focus of land use planning and allocation decisions involving the spectrum of uses from special

management area designations to oil and gas leasing. The pilot office completed a Land Use Planning Amendment/EIS in 1999 covering oil and gas leasing and development on a portion of these lands as well as other lands throughout the Resource Area. Primary issues are the rate and density of development, and the consequences on wildlife, visual resources and nearby residential communities. Public interest in this area is rising dramatically.

With the hiring of the additional Pilot Office staff, the Glenwood Springs Pilot Office has been utilizing two separate offices located a few miles apart in Glenwood Springs. As a result, the Glenwood Springs Pilot Office management and staff are required to spend additional time for communication and team development. The Glenwood Springs Pilot Office is actively pursuing office space where all personnel can be located in one facility.

Hiring for the Pilot Study has been challenging for all agencies involved due to competing high salaries being paid by the oil and gas industry, the high cost of living in Glenwood Springs (because it is a resort area located near Aspen), and lack of qualified applicants.

In the Glenwood Springs Pilot Office, the Natural Resource Specialists rely heavily on third-party contractors (usually hired by project proponents) to draft EAs, allowing the NRSs to focus their time on improving the processing of necessary NEPA support documentation for APDs with industry contractors. The use of third-party NEPA contractors to complete NEPA documentation for review by the Glenwood Springs Pilot Office is a significant streamlining and work reduction approach. Once this work is completed and accepted by BLM as adequate, the Glenwood Springs Pilot Office can approve an APD in approximately 10-20 days.

## **Pilot Staffing and Performance Summary—Glenwood Springs Pilot Office**

The following is a high-level staffing and performance summary:

- During FY06, 4.5 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), and the USFS (3 FTE). During FY07, 3 FTE were established for a second USFWS biologist and two USFS positions.
- During FY06, 19 BLM FTE were hired which included archeologists, a NEPA coordinator, natural resource specialists, a biologist, a botanist, PETs, a PAT, a petroleum engineer, a realty specialist, a hydrologist, a geologist, surface compliance technicians, land law examiners and an administrative assistant. During FY07, 2 BLM FTE were added for a PET and a GIS specialist.
- The Glenwood Springs Pilot Office received 336 APDs in FY06 compared to 333 in FY05 for a one percent increase during FY06. During FY07, 380 APDs were received compared to 336 in FY06 for a 13 percent increase.
- The Glenwood Springs Pilot Office processed 287 APDs in FY06 compared to 326 in FY05 for a 12 percent decrease during FY06. During FY07, 409 APDs were processed compared to 287 in FY06 for a 43 percent increase.
- The Glenwood Springs Pilot Office had 84 pending APDs at the end of FY06 compared to 50 in FY05 for a 68 percent increase during FY06. At the end of FY07, 88 pending APDs existed compared to 84 in FY06 for a 5 percent increase.



- The Glenwood Springs Pilot Office processed 77 ROWs in FY06 compared to 36 in FY05 for a 114 percent increase during FY06. During FY07, 56 ROWs were processed compared to 77 in FY06 for a 19 percent decrease.
- The Glenwood Springs Pilot Office completed 447 total inspections in FY06 compared to 292 in FY05 for an 53 percent increase during FY06. During FY07, 1,084 total inspections were completed compared to 447 in FY06 for a 243 percent increase.
- The Glenwood Springs Pilot Office completed 148 environmental inspections in FY06 compared to 102 in FY05 for a 45 percent increase during FY06. During FY07, 736 environmental inspections were completed compared to 148 in FY06 for a 497 percent increase.

## Glenwood Springs Pilot Office Show Case Examples

### SHOWCASE

### Interagency Teams

The Glenwood Springs Pilot Office and the White River National Forest (WRNF) collaborated in developing an integrated concept for the Energy Office to use USFS and BLM specialists assigned to the Energy Office to support management of the energy program regardless of agency affiliation. Examples of specialists working on integrated interagency team include—

- the USFS Civil Engineering Technician providing support on BLM energy ROW (road) proposals
- the BLM NRS serving as the NEPA lead for projects on USFS lands
- the USFS Ecologist and other Energy Office staff specialists providing field and NEPA support for onsite exams and environmental assessments
- the PETs provide assistance for compliance on USFS lands
- the USFS Biological Scientist conducted 430 environmental inspections on BLM wells, recording them into AFMSS
- the USFS ecologist developed two comprehensive plans for reclamation and weed monitoring and control that have been implemented as a COA for permits on both agencies lands.



**SHOWCASE****Wildlife Protection for Year-round Drilling**

The Glenwood Springs Pilot Office has an agreement with the Colorado Division of Wildlife (CDOW) and Williams Production

Company to allow year-round winter drilling (on an experimental basis) in a part of the resource area classified as winter range for deer. Deer monitoring is ongoing, and the results of this monitoring and study will determine whether the winter timing limitation protects deer and elk and whether future year-round drilling should be allowed.

Drilling operations have traditionally had to move off federal lands and onto private lands during the winter, due to federal timing limitations.

**SHOWCASE****Oil & Gas Permitting Public Outreach**

The Glenwood Springs Energy Office conducts outreach meetings with homeowners' associations (e.g., Battlement Mesa, etc.) to explain the permitting process, drilling practices, pipeline construction, and the protection of surface and downhole resources through I&E activities.



Homeowners have become concerned about the impacts of nearby oil and gas development. The Glenwood Springs Energy Office has initiated this program to ensure the public's understanding of oil and gas exploration and development activities under BLM's multiple-use mandate.

*Geologic studies have mapped the Williams Fork fluvial sands and are the basis for justifying the 10-acre downhole well spacing needed to efficiently drain the gas reservoirs in the Glenwood Springs Energy Office area. These studies have had a major impact on resource estimations and drilling techniques.*

*The operators in the Glenwood Springs Energy Office are now providing a greater level of detail on existing wetland and stream resources, project impacts to waters of the U.S., and mitigation measures for impacts to wetland/riparian corridors.*

*Having a USFWS biologist colocated in the Glenwood Springs Energy Office has reduced Section 7 consultation times from an average of 45 to 13 days.*



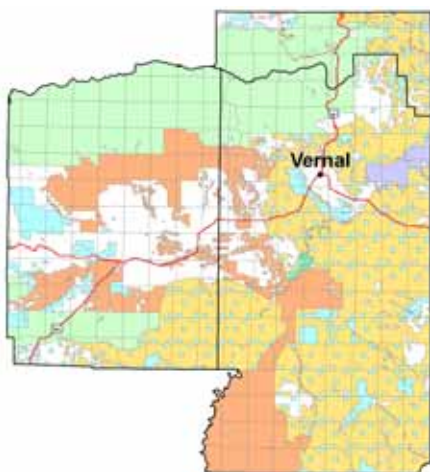
## Vernal Pilot Office Overview

The BLM Vernal Pilot Office is responsible for 1.8 million acres of BLM-administered surface acres, approximately 2.8 million acres of BLM-administered subsurface acres, in addition to having oversight responsibilities of mineral development over an additional 1.3 million acres of National Forest System Lands. Vernal also has Native American trust responsibilities associated with Tribal and Allotted Indian mineral leases. These public lands encompass major portions of Uintah and Duchesne Counties of north-eastern Utah (See maps below).

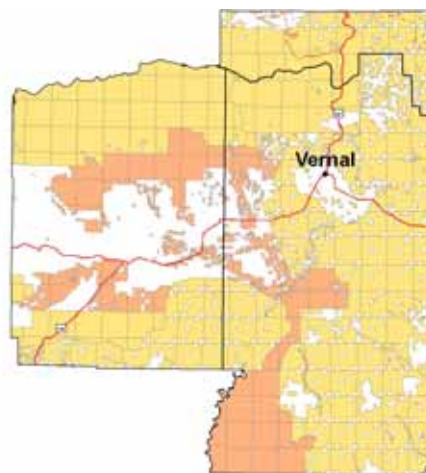
Resource issues include Native American coordination, rapidly expanding oil and gas development, recreation, wildlife, cultural resources, lands, rangeland management, riparian, fire management, forestry, wild horses, law enforcement/resource protection, and wilderness.

The Vernal Pilot Office area is rich in mineral resources, including deposits of tar sands, oil shale, gilsonite and phosphate.

**Vernal Pilot Office Surface Estate Map**



**Vernal Pilot Office Mineral Estate Map**



## Unique Factors of the Vernal Pilot Office

The Vernal Pilot Office is experiencing substantial oil and gas exploration and development activities occurring in the Uinta Basin of northeastern Utah. This activity is a result of large scale infill drilling occurring in mature oil and natural gas fields as well as seismic and exploration drilling for new and deeper oil and gas fields.

Currently the Vernal Pilot Office is completing four major oil and gas EISs and 20-30 large oil and gas EAs and evaluating the drilling of approximately 6,000 wells in the near future. In addition, there is ongoing exploration, piloting, and development of unconventional oil and gas resources including coalbed natural gas, oil shale and tar sands. Such activity is also occurring on Indian surface/federal mineral estate (administered by BLM).

Due to the Industry's high demand for experienced personnel, the Vernal Pilot Office has experienced significant problems in the retention and recruiting of permitting and I&E personnel to support the objectives of the Pilot Project. As a result, the Vernal Pilot Office has experienced a high turnover of staff whereby BLM personnel have left for higher paying jobs with Industry.

The Vernal Pilot Office is currently revising their Resource Management Plan encompassing the consolidation of two prior separate land use plans. The energy boom has added to the dramatic growth in local communities and the needs of local County governments, resulting in increase Vernal Pilot Office Lands and Realty-related workloads.

During FY 2006, the Vernal Pilot Office experienced extensive logistical impacts during expansion of their office facilities.

## **Pilot Staffing and Performance Summary—Vernal Pilot Office**

The following is a high-level staffing and performance summary:

- During FY06, 2.5 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), and USFS (1 FTE). During FY07, 1 FTE was established for a second USFWS biologist.
- During FY06, 32 BLM FTE were hired which included an archeologist, a NEPA coordinator, administrative assistants, natural resource specialists, biologists, a botanist, a soils scientist, PETs, a PAT, a realty specialist, geologists, legal instrument examiners and branch chiefs. During FY07, 11 BLM FTE were added for an EIS project coordinator, administrative assistants, natural resource specialists, and PETs.
- The Vernal Pilot Office received 1,462 APDs in FY06 compared to 1,169 in FY05 for a 25 percent increase during FY06. During FY07, 1,158 APDs were received compared to 1,462 in FY06 for a 21 percent decrease.
- The Vernal Pilot Office processed 984 APDs in FY06 compared to 692 in FY05 for a 42 percent increase during FY06. During FY07, 1,241 APDs were processed compared to 984 in FY06 for a 26 percent increase.
- The Vernal Pilot Office had 1,429 pending APDs at the end of FY06 compared to 863 in FY05 for a 66 percent increase during FY06. At the end of FY07, 1,346 pending APDs existed compared to 1,429 in FY06 for a 6 percent decrease.
- The Vernal Pilot Office processed 262 ROWs in FY06 compared to 222 in FY05 for an 18 percent increase during FY06. During FY07, 278 ROWs were processed compared to 262 in FY06 for a 6 percent increase.
- The Vernal Pilot Office completed 491 total inspections in FY06 compared to 367 in FY05 for a 34 percent increase during FY06. During FY07, 503 total inspections were completed compared to 491 in FY06 for a 2 percent increase.
- The Vernal Pilot Office completed 189 environmental inspections in FY06 compared to 176 in FY05 for a 7 percent increase during FY06. During FY07, 272 environmental inspections were completed compared to 189 in FY06 for a 44 percent increase.



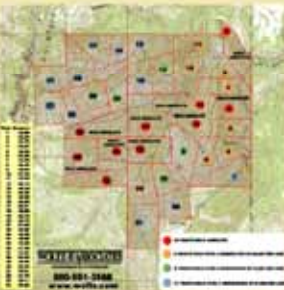
## Vernal Pilot Office Show Case Examples

### SHOWCASE

#### Early IDT Input into Industry Project Plans

The Vernal Pilot Office has implemented a change in its NEPA process for high-priority NEPA documents (EAs and EISs). Before the implementation of the current IDT process, the Vernal Pilot Office conducted weekly IDT meetings to 1) present new NEPA projects, 2) discuss the status of ongoing NEPA projects, and 3) garner IDT input into new NEPA projects. This effort resulted in a time-consuming process for completing high-priority NEPA projects.

IDT meetings now include the participation of the project proponent and/or third-party NEPA contractors and USFWS personnel. This action allows the project proponent to agree to newly applied measures and adapt proposed actions based on IDT input. Engaging the project proponent at the initiation of the IDT's review of the project substantially streamlines the NEPA effort and related documentation. Formal USFWS consultation response times have decreased from 21 days to 12 days through active participation on the IDT.



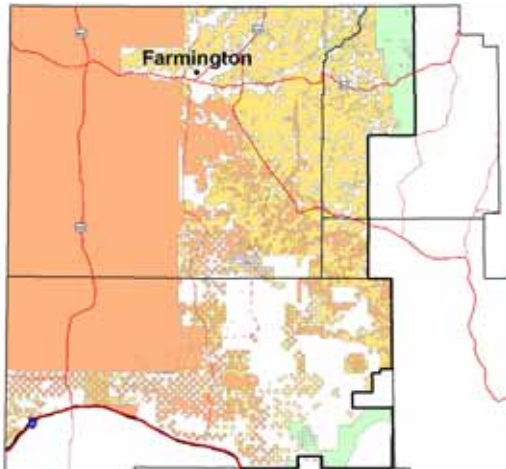
*For the Vernal Pilot Office, formal USFWS consultation response times have improved considerably as a result of IDT involvement.*

## Farmington Pilot Office Overview

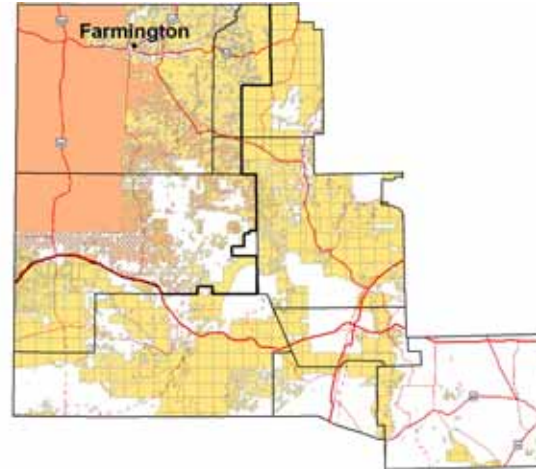
The BLM Farmington Pilot Office is responsible for 1.4 million acres of BLM-administered surface estate and 3 million acres of BLM-administered mineral estate. These public lands encompass all or portions of San Juan, McKinley, Rio Arriba, and Sandoval Counties in northwestern New Mexico (See maps below). Farmington is also responsible for the administration of the BLM Rio Puerco Pilot Office oil and gas program.

The Farmington Pilot Office manages diverse natural resources and provides for a variety of natural resource uses, including livestock grazing; big game hunting; non-motorized and motorized recreation; viewing of world-class cultural resources; and oil, gas, and coal development. Besides energy development, lands are important to communities for recreation, wildlife habitat, wilderness, and community growth.

**Farmington Pilot Office Surface Estate Map**



**Farmington Pilot Office Mineral Estate Map**



## Unique Factors of the Farmington Pilot Office

The San Juan Basin is one of the largest natural gas fields in the nation and has been under development for more than 50 years. It supports approximately 20,000 active oil and gas wells, and there are more than 2,400 existing federal oil and gas leases within the Farmington Pilot Office administrative area. Virtually all of the high potential for oil and gas development has been leased. Over the past few years, changes in state spacing regulations, increased oil and gas commodity pricing, and subsequent infill drilling have doubled the number of estimated federal mineral wells to be drilled and produced over the next 20 years to approximately 10,000 wells using existing well pads and roads to minimize new surface disturbance. As a result, the Farmington Pilot Office is considered the Bureau's largest oil and gas permitting, inspection, and enforcement workload office.

Most of the Pilot Project team has been employed by BLM for many years. Most of the new Pilot Project hires have had experience with other federal agencies or have a background in the oil and gas industry. Consequently, little concern was raised about the readiness of the new hires to function in their roles. Although training was a concern that was raised, the Pilot Project staff were very enthusiastic about the abilities of the new hires and had devised a number of in-house and agency-level training sessions to ensure that the new hires would be rapidly brought up to speed on procedures and guidelines.

Over the years, the Farmington Pilot Office has established an excellent permitting, reservoir management, and I&E staff that has worked very hard with Industry and its contractors to ensure compliance with BLM requirements. Over the past few years, the Farmington Pilot Office has greatly expanded the number of surface environmental field inspections before, during, and after field construction activities to monitor and ensure COA compliance by Industry. This approach has been used to build strong relationships between Industry and the Farmington Pilot Office I&E personnel. The Farmington Pilot Office's goal is to achieve 100 percent Industry compliance with permit COAs. The high turnover rate of operator and contractor personnel requires the Farmington Pilot Office to constantly train and educate new Industry personnel on BLM permitting and compliance requirements.

Farmington has also been a critical participant within Industry, local government, and stakeholder working groups for well over a decade. This ongoing working group participation has established the BLM Farmington Pilot Office as willing participant in proactively addressing issues and developing BMPs within a collaborative environment.

In order to provide improved services to individual Navajo Indian mineral owners, the Department of the Interior (DOI) established the Farmington Indian Minerals Office (FIMO). FIMO consists of staff from the Bureau of Indian Affairs (BIA), Bureau of Land Management (BLM), and Minerals Management Service (MMS). These staff report to the FIMO Director, who in turn reports to the Indian Minerals Steering Committee. The Farmington Pilot Office staff collaborates with the FIMO. The collaboration between the two offices is unique because FIMO is the only office of its type in the United States. The FIMO is located in the same building as the Farmington Pilot Office, which facilitates teamwork between the offices.

## **Pilot Staffing and Performance Summary—Farmington Pilot Office**

The following is a high-level staffing and performance summary:

- During FY06, 5 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), USFS (1 FTE), BIA (1 FTE), BOR (0.5 FTE) and New Mexico Oil Conservation Division (1 FTE). During FY07, 1 FTE was established for a USFS archeologist.
- During FY06, 15 BLM FTE were hired which included an archeologist, a GIS specialist, a pilot project manager, a records manager, natural resource specialists, biologists, PETs, a PAT, a realty specialist, and legal instrument examiners. During FY07, 1 BLM FTE was added for a natural resource specialist.
- The Farmington Pilot Office received 900 APDs in FY06 compared to 850 in FY05 for a six percent increase during FY06. During FY07, 605 APDs were received compared to 900 in FY06 for a 33 percent decrease.
- The Farmington Pilot Office processed 993 APDs in FY06 compared to 845 in FY05 for a 16 percent increase during FY06. During FY07, 668 APDs were processed compared to 993 in FY06 for a 33 percent decrease.
- The Farmington Pilot Office had 365 pending APDs at the end of FY06 compared to 402 in FY05 for a 9 percent decrease during FY06. At the end of FY07, 310 pending APDs existed compared to 365 in FY06 for a 15 percent decrease.
- The Farmington Pilot Office processed 686 ROWs in FY06 compared to 725 in FY05 for a 5 percent decrease during FY06. During FY07, 747 ROWs were processed compared to 686 in FY06 for a 9 percent increase.

- The Farmington Pilot Office completed 1,640 total inspections in FY06 compared to 876 in FY05 for a 87 percent increase during FY06. During FY07, 1,477 total inspections were completed compared to 1,640 in FY06 for a 10 percent decrease.
- The Farmington Pilot Office completed 399 environmental inspections in FY06 compared to 578 in FY05 for a 31 percent decrease during FY06. During FY07, 387 environmental inspections were completed compared to 399 in FY06 for a 3 percent decrease.

## Farmington Pilot Office Show Case Examples

**SHOWCASE**

**New Inspection Strategy**



In late 2005, the Farmington Pilot Office implemented a new inspection strategy to address the deficiencies between conducting annual high-priority inspections and the rarely occurring low-priority inspections. The new inspection strategy balances legally required high- and low-priority inspections, ensuring that all 20,000 wells are inspected within a 3-year period while maintaining oversight on high-volume production.

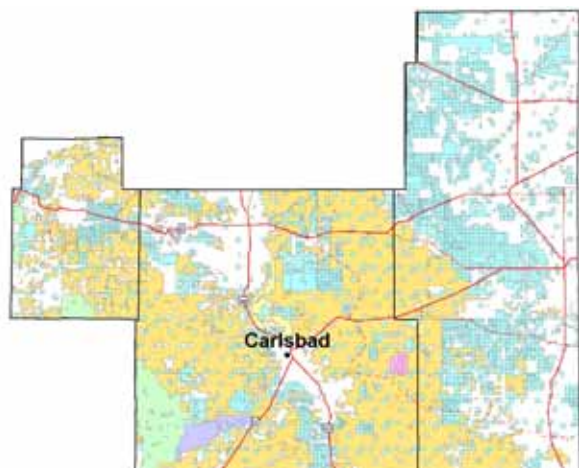


## Carlsbad Pilot Office Overview

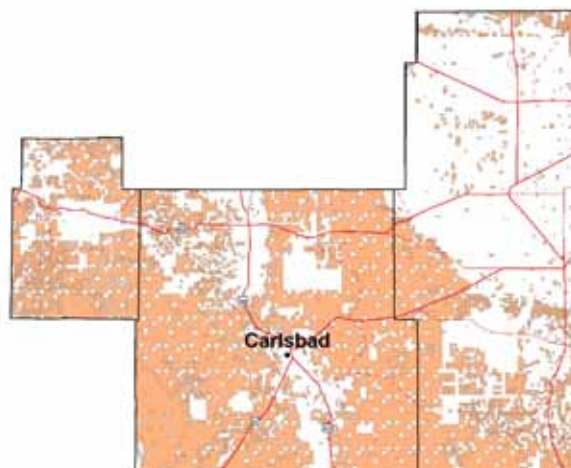
The BLM Carlsbad Pilot Office is responsible for 2.2 million acres of BLM-administered surface acres and 1.9 million acres of BLM-administered mineral estate. These public lands encompass all or part of Eddy, Lea, and southern Chavez Counties of southeastern New Mexico (See maps below).

The Pilot Office manages diverse natural resources and provides for a variety of natural resource uses, including livestock grazing; non-motorized and motorized recreation; interpretation of cultural resources; and oil, gas, and potash development. Lands are important to communities for recreation, wildlife habitat, caves, karsts, and wilderness.

**Carlsbad Pilot Office Surface Estate Map**



**Carlsbad Pilot Office Mineral Estate Map**



## Unique Factors of the Carlsbad Pilot Office

The Permian Basin of southeast New Mexico and west Texas is considered a very significant and geologically complex oil and gas productive basin within the United States. The CFO administers approximately 15,000 federal wells within this Basin. Exploration and development of oil and gas resources have also taken place and continue to grow in an large area that has actively been underground mined for potash since World War II. Virtually all of the high potential for oil and gas development has been leased. Over the past few years, changes in state spacing regulations, increased oil and gas commodity pricing, and subsequent infill drilling have doubled the number of estimated federal mineral wells to be drilled and produced over the next 20 years. As a result, the Carlsbad Pilot Office is considered one of Bureau's largest oil and gas permitting, inspection, and enforcement workload offices.

Ongoing oil and gas development has resulted in a large ROW workload. Large-scale development of wind energy sites is also occurring, adding significant work for the Carlsbad Pilot Office ROW personnel. A similar BLM high workload impact is occurring with mineral material permitting that provides sand and gravel construction materials for new access roads, drilling pads, and production facilities.

Carlsbad and the Roswell Pilot Office have made adjustments to the location and local availability of certain types of oil and gas program personnel. Since the completion of these personnel management actions, the Carlsbad Pilot Office, under the objectives of the Pilot Project, is gaining additional insight into areas where the location and coordination of the Carlsbad Pilot Office and Roswell staff may need further refinement.

Most of the Pilot Project team has been employed by BLM for many years, and many of the new Pilot Project hires have had experience with other federal agencies or have a background in the oil and gas Industry. The Pilot Project staff—including pilot office management, experienced staff, and entry-level personnel—are extremely enthusiastic about the Carlsbad Pilot Office permitting and inspection streamlining, interagency coordination and collaboration, and successful development and application of in-house developed information technology (IT).

## **Pilot Staffing and Performance Summary—Carlsbad Pilot Office**

The following is a high-level staffing and performance summary:

- During FY06, 3 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), BOR (0.5 FTE), and New Mexico Oil Conservation Division (1 FTE).
- During FY06, 20 BLM FTE were hired which included a GIS specialist, a pilot project manager, natural resource specialists, a biological technician, PETs, a PAT, a realty specialist, a hydrologist, a geologist, a cartographer, and legal instrument examiners. During FY07, 9 BLM FTE were added for surface/environmental protection specialists, administrative assistants, PETs, and a cartographic technician.
- The Carlsbad Pilot Office received 771 APDs in FY06 compared to 580 in FY05 for a 33 percent increase during FY06. During FY07, 585 APDs were received compared to 771 in FY06 for a 24 percent decrease.
- The Carlsbad Pilot Office processed 809 APDs in FY06 compared to 572 in FY05 for a 41 percent increase during FY06. During FY07, 588 APDs were processed compared to 809 in FY06 for a 27 percent decrease.
- The Carlsbad Pilot Office had 109 pending APDs at the end of FY06 compared to 140 in FY05 for a 22 percent decrease during FY06. At the end of FY07, 104 pending APDs existed compared to 109 in FY06 for a 5 percent decrease.
- The Carlsbad Pilot Office processed 441 ROWs in FY06 compared to 445 in FY05 for a one percent decrease during FY06. During FY07, 505 ROWs were processed compared to 441 in FY06 for a 15 percent increase.
- The Carlsbad Pilot Office completed 2,299 total inspections in FY06 compared to 2,508 in FY05 for an 8 percent decrease during FY06. During FY07, 3,285 total inspections were completed compared to 2,299 in FY06 for a 43 percent increase.
- The Carlsbad Pilot Office completed 1,056 environmental inspections in FY06 compared to 1,381 in FY05 for a 24 percent decrease during FY06. During FY07, 2,012 environmental inspections were completed compared to 1,056 in FY06 for a 91 percent increase.

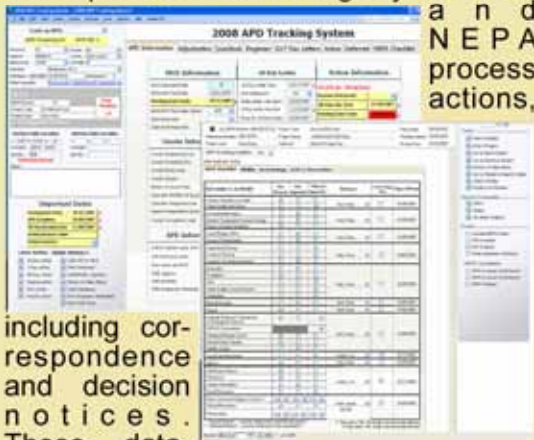
## Carlsbad Pilot Office Show Case Examples

### SHOWCASE

#### Entire APD and NEPA Process Automation

The Carlsbad Pilot Office developed four tracking systems that expedite the review and processing of APDs and other energy-related projects. These GIS- and Microsoft Access-based tracking systems have been developed internally within the Carlsbad Pilot Office without additional contracting.

The databases provide a NEPA log, APD process log, ROW process log, archaeological process log, digital conflict map, and reports on outstanding adjudication



including correspondence and decision notices. These data-

bases eliminate all APD and NEPA manual record processing and provide a consistent user interface for Carlsbad (internal) and other BLM users (external).

These databases are providing improved reliability and timeliness, enabling permit applicants and BLM adjudication staff to better prioritize and manage their workload through automated processes. Electronically generated due dates, letters, and reports allow specialists to perform their project reviews concurrently rather than routing paperwork from specialist to specialist. Future enhancements would include the stakeholders' ability to access the data through Web sites, for example, allowing them to view online the status of their project in real time.

*The Carlsbad Pilot Office is holding planning meetings with oil and gas Industry and BLM specialists to sit down with GIS staff to identify the best possible locations for drilling that will have the least impact on the environment. This process also expedites the permitting process when the APD is submitted.*

*Interest in electronic permitting has been expressed during operator outreach meetings and workshops. BLM initiated electronic permitting in 1999 and after four years, 26 percent of all BLM APD and well sundry permits were submitted electronically before the Cobell Internet shut-down.*

*Now that BLM's electronic permitting is online again, operators have started taking advantage of it and usage is rapidly growing. The Carlsbad adjudication staff has seen a reduction in well permit processing times.*

*To mitigate the spread of noxious and invasive weed species as a result of surface-disturbing activities, the Carlsbad Pilot Office has developed an MOU in partnership with Industry. This MOU provides a mechanism whereby oil and gas companies may financially contribute to a fund to treat oil field roads and pads where weed infestation is occurring.*